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February 26, 2001

Mr. David Waddell, Executive Secretary
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, Tennessee 37243

Re: Gasco Distribution Systems, Inc.
Docket No. 97-00293

Dear David:

On behalf of Gasco Distribution Systems, Inc. ("Gasco") I want to reiterate the proposed settlement made by Gasco to the Tennessee Regulatory Authority on Wednesday, February 21, 2001.

Acknowledging that the company had not timely filed its quarterly reports, in violation of the TRA's order of November 5, 1998, and that the TRA would likely impose all or part of a previously suspended \$6,550 fine, Gasco proposed that a portion of the fine be used to assist customers who may be having difficulty paying their winter gas bills. The remaining portion of the fine would be held in abeyance until the conclusion of the company's probationary period on July 1, 2001.

The TRA has previously approved a similar settlement for Gasco. In 1997, the Authority approved a settlement agreement under which Gasco, in lieu of a fine, made a \$6,250 "contribution in aid of construction." That meant, in essence, that the company irrevocably donated to customers that portion of the company's plant-in-service. Although the TRA does not have statutory authority to impose a "fine" and give that money to customers, the TRA and the parties can — and did — agree to make other types of payments in lieu of a fine. *See* TRA Order dated May 23, 1997.



Gasco will work with the Staff and the Consumer Advocate's Office to insure that whatever criteria are used to grant relief to customers are fair and non-discriminatory. For example, the parties could apply to gas customers the same criteria used to identify customers who are eligible for "Lifeline" telephone service. On the other hand, Gasco and the parties could, in cooperation with local officials, social and charitable agencies in Gasco's service area, donate the

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money to a local social or charitable organization for distribution through existing service programs.
Either of these plans, if properly implemented, would apparently resolve any discrimination issue.

Sincerely,

BOULT, CUMMINGS, CONNERS & BERRY, PLC

By: 
Henry Walker 

HW/nl
c: All parties